

## City of Boulder Interest on Security Deposits calculation formula

Pursuant to a Boulder City Council decision on February 17, 2004, the city will now set the interest rate for tenant security deposits each calendar year. This will be the mathematical average of the one-year certificates of deposit from the top three financial institutions in Boulder, based on market share data, as of December 15 of the previous year. The Boulder City Council adopted Ordinance 7320 changing the interest rate on tenant security deposits and adopting amendments that are included in [Sections 12-2-2, 12-2-4 and 12-2-7 of the Boulder Revised Code](#).

### The computation formula of the interest due for residential security deposits in the City of Boulder is:

Multiply the entire amount of the security deposit by the appropriate multiplier for that year, divide that number by 12 to obtain a monthly % amount due, and then multiply that monthly number by the number of months the deposit was in the landlord's possession, including the 30 or 60 days after the end of the lease. The rate in effect at lease signing is in effect for that entire lease period, until termination or renewal for another period. Month to month leases are considered renewed each month, so the interest rate due will change on the first of every calendar year for month to month leases.

Interest rates:	% rate	Multiplier
prior to 12-5-1985	no % required	
12-5-1985 through 3-18-2004	5.5%	.055
3-19-2004 through 12-31-2004	1.08%	.0108
1-01-2005 through 12-31-2005	1.85%	.0185
1-01-2006 through 12-31-2006	3.01%	.0301
1-01-2007 through 12-31-2007	TBD	

Note: Due to a Colorado Supreme Court ruling which found last month's rent to be pre-paid rent, interest is not due on last month's rent held by the landlord. All other refundable deposits including pet deposits should be included in the computation.

### Example computations:

A: \$1000 deposit on a 2 year lease starting on August 1, 2002 and ending July 31, 2004. Landlord received the deposit at lease signing on May 1, 2002 and is mailing it back on September 27, 2004.  $\$1000 \times .055 = \$55$  (this equals one year's interest) divided by 12 = \$4.58 (one month's interest) x 29 (number of month's held by landlord) = \$132.82.

B: \$800 deposit on a 13.5 month lease which rolled over into a month-to-month tenancy after the initial 1 year written lease. Tenant moved in and paid the deposit on May 15, 2003 and moved out with proper notice on September 30, 2004. Landlord is returning the deposit on October 31, 2004.  $\$800 \times .055 = \$44$  divided by 12 = \$3.67 (one month's interest rate until May 15, 2004) x 12 = \$44.04 (or \$44 even) plus  $\$800 \times .0108 = \$8.64$  divided by 12 = \$.72 x 5.5 months = \$3.96. Total interest due is  $\$3.96 + \$44 = \$47.96$ .